

Message Text

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ACTION EB-07

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SUBJ: ANALYSIS OF MEXICAN REACTION TO TRADE BILL

REF: A) MEXICO 537, B) MEXICO 463, C) STATE 013390

1. SUMMARY: WHILE MEXICAN PRESS CONTINUES TO GIVE HEAVY AND GENERALLY NEGATIVE PLAY TO TRADE BILL, FUELED BY OAS MEETINGS IN WASHINGTON AND SHRILL PUBLIC RHETORIC ON PART OF A FEW GOM OFFICIALS, EMBASSY HAS NOTED CONTRASTING ATTITUDE OF BETTER UNDERSTANDING NEW LAW ON PART RESPONSIBLE MEXICAN OFFICIALS AND BUSINESSMEN. WHILE BETTER UNDERSTANDING OF NEW LAW AND PASSAGE OF TIME WILL UNDOUBTEDLY HAVE EFFECT OF DAMPENING CRITICISM, BASIC MEXICAN EXPECTATIONS OF HOW U.S. "SHOULD" ACT ARE IN SHARP CONTRAST TO MEXICAN PERCEPTIONS OF TRADE LAW, AND THIS WILL CONTINUE TO CAUSE US PROBLEMS. END SUMMARY

2. MEXICAN PRESS CONTINUES TO GIVE HEAVY PLAY TO CRITICISM OF NEW TRADE LAW, WITH SIX MEXICO CITY DAILIES JAN. 21 AND TWO LIMITED OFFICIAL USE

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DAILIES ON JAN. 22 HEADLINING LA PROTESTS AT SPECIAL SESSION

OF OAS (REF. A). PRESS ALSO COVERED STATEMENT BY HEAD USDEL JOHN FORD (REF. C), WHICH WAS MOST USEFUL. PRESS ALSO REPORTS ERRONEOUSLY THAT ADMINISTRATION IS NOT GOING TO ASK CONGRESS CHANGE LAW, WHICH TAKEN NEGATIVELY HERE. EDITORIALS APPLAUD MEXICAN SOLIDARITY WITH LA COUNTRIES ADVERSELY AFFECTED BY OPEC PROVISION IN LAW (GSP ARTICLE).

3. A FEW GOM OFFICIALS HAVE MADE PUBLIC STATEMENTS HIGHLY CRITICAL OF TRADE LAW, NOTABLY CANAVATI OF MEXICAN FOREIGN TRADE INSTITUTE -- IMCE -- ("50 PERCENT OF MEXICAN EXPORTS TO U.S. ADVERSELY AFFECTED BY NEW LAW"); AND SECRETARY OF NATIONAL PATRIMONY ALEJO, AND IMCE DIRECTOR FAESLER WHO WERE STRONGLY CRITICAL OF NEW LAW DURING THEIR CURRENT VISIT TO VENEZUELA; AND FAUSTO CANTU PENA, WHO BLAMES NEW TRADE LAW FOR FALL IN COFFEE PRICES (INTERVIEW WAS ON EVE LONDON COFFEE DISCUSSIONS SCHEDULED BEGIN JAN. 27).

4. IN CONTRAST, EMBOFFS HAVE ENCOUNTERED FAR MORE UNDERSTANDING ATTITUDES DURING COURSE PRIVATE CONVERSATIONS WITH GOM OFFICIALS, E.G. IN FOREIGN RELATIONS AND TREASURY. THESE MORE RESPONSIBLE OFFICIALS DO HAVE SERIOUS CONCERNS ABOUT NEW LAW (TO BE REPORTED SEPTEL), INCLUDING GSP PRODUCTS LIST ACCEPTANCE, POSSIBLE CHANGES IN APPLICATIONS OF TSUS 806.30 AND 807, POSSIBILITY OF DIFFERENTIATING TARIFF REDUCTIONS BETWEEN DCS AND LDCS DURING MTNS, AND ACCEPTABILITY OF MEXICAN EXPORT REBATE SCHEME (CEDIS). THESE MATTERS WILL OF COURSE BE SUBJECT PROTRACTED DISCUSSIONS BETWEEN GOM AND USG OFFICIALS IN COMING MONTHS.

5. MEANWHILE, EMBASSY/USIS HAS BEEN UNDERTAKING EXTENSIVE DISTRIBUTION MATERIALS SUCH AS HARTER ARTICLES, ASST. SECRETARY ROGERS MEMORANDA, COPIES TRADE LAW, AND OTHER MATERIALS TO GOM OFFICIALS, INTERESTED PRIVATE SECTOR LEADERS, AND TO THE PRESS. PRESS HAS CARRIED TEXTS TITLE V, MEMO TO OAS AMBASSADORS AND OTHER MATERIAL. JAN. 18 EXCELSIOR (INFLUENTIAL, LEFTIST DAILY) CARRIED USEFUL INTERVIEW WITH E/C COUNSELOR, AND EXCELSIOR AND OTHER DAILIES HAVE PUBLISHED REASONABLY ACCURATELY, HELPFUL COMMENTS OTHER EMBASSY AND AMCHAM OFFICIALS.

6. COMMENT: AS LA COUNTRIES, INCLUDING MEXICO, UNDERTAKE MORE SERIOUS TECHNICAL STUDIES OF NEW TRADE LAW, AND WITH LIMITED OFFICIAL USE

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PASSAGE OF TIME, WE BELIEVE THAT CURRENT EXAGGERATED AND OFTEN ERRONEOUS PRESS CRITICISM OF TRADE LAW WILL TEND TO DIE DOWN. THE PROBLEM IS NOT, HOWEVER, JUST MINFORMATION NOR A DESIRE TO SHOW "SOLIDARITY" WITH VENEZUELA AND ECUADOR. THE MEXICANS (AND, WE SUPPOSE OTHER LATINS IN VARYING DEGREES) HAVE BASIC EXPECTATIONS OF HOW THE U.S. "SHOULD" ACT TOWARD THEM WHICH ARE IN SHARP CONTRAST TO THEIR PERCEPTION OF THE LETTER AND SPIRIT OF THE NEW TRADE LAW. POSSIBLY FOR THIS REASON,

MEXICANS BELIEVE THAT U.S. TRADE LEGISLATION SHOULD PROVIDE THEM WITH AN ASSURED ACCESS TO U.S. MARKET NOT SUBJECT TO DISCRETION OF EXECUTIVE BRANCH, WHICH, THEY FEEL, HAS TOO MUCH POWER UNDER NEW TRADE LAW. EVEN IN PRIVATE DISCUSSIONS WITH THOUGHTFUL MEXICANS WE HAVE FOUND THAT THE ABILITY TO WITHHOLD PREFERENCES UNDER CERTAIN CIRCUMSTANCES IS PERCEIVED AS COERCIVE AND "DISCRIMINATORY." WE THINK IT LIKELY THAT THESE BASIC MEXICAN PERCEPTIONS WILL BE WITH US FOR A LONG TIME AND FORESEE SOME DIFFICULTIES AHEAD IN OUR DEALINGS WITH THE MEXICANS ON TRADE POLICY.
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